

December 27, 2017

Further comments to Federal Communications Commission Proceeding 17-105

Future new FM auctions are doomed to failure.

If the FCC does not substantially revise or scale back the rigorous limitations of the 'Rural radio' mandate (Second Report and Order, First Order on Reconsideration and FNPRM (FCC No. 11-28, MB Docket No. 09-52)), participation in future new-station FM auctions will be significantly lower. To wit:

- In FM Auction 94, 19 proposed allotments received no bids.
- In FM Auction 98, 29 proposed allotments received no bids. Several of the 'no bids' in Auction 98 were allotments that were resurrected from Auction 94, in which the allocations were 'no bids' in that process, as well.

(Source: Federal Communications Commission)

Further, on August 11, 2017, the Media Bureau issued an Order that "updates the FM Table of Allotments ("FM Table") to reinstate certain vacant FM allotments." Of note, this Order includes an allocation at Dinosaur, Colorado. 'Dinosaur' would seem to be a perfect metaphor for the lack of success that future FM auctions may face, if the FCC maintains an effectively onerous, inflexible and unworkable 'Rural radio' policy.

Why? The common denominator in all of the allocations that were not bid on is that they are located in rural, village, or small town areas, where prospective bidders logically believed and wisely calculated that commercial FM stations in those sparsely populated communities simply would not be financially viable and successful. I know, from personal experience.

In Auction 94, I was the winning bidder for the new FM allocation at the small town of Robert Lee, in Coke County, Texas. Admittedly, going into the auction, it was my intention to move the allocation from Robert Lee to another 'first audio service' Community of License in the nearby Abilene market; or, if that 'move-in' could not be accomplished, then, to the San Angelo market, instead. However, because of the stringent 'Rural radio' restrictions, my radio engineering consultants and I simply were not able to find an alternate community of license that was close enough to Abilene or San Angelo that would not just be trading one thinly-populated service area for another. Ultimately, I sold the Construction Permit to another company on a break-even basis, after the thousands of dollars I spent trying to genuinely make a 'go' of the new FM allocation.

One can debate the noble intentions of those who supported the creation and implementation of the 'Rural radio' policy and rule, but, it is an unquestionable reality that the vast majority of FM and AM radio stations operate in a free market that is now filled with competing audio-delivery media sources that are not bound by the geographic

limits that are inherent to over-the-air broadcasting. Terrestrial radio stations are operating in a literal environment that began roughly a century ago, when radio broadcasting originated, and, when the media 'landscape' was far, far different than the competition and alternatives that exists today.

The 'Rural radio' and tighter 307(b) constraints make many of the Commission's new FM allotments an inevitable exercise in futility. If the policy continues as is, with no easing of its burdens, there is no point in future new-FM auctions, if the rural allocations cannot be moved to more-populated areas where the successful and viable business models truly exist.

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